1. Frank charges $250 to his Mastercard with an 18% APR. How much will he have to pay at the end of the first month?

2. Determine the annual or monthly rate.

Annual Percentage Rate 18% Monthly Rate \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Monthly Rate 1.8% Yearly Rate \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

3. Bank Rossmoyne charges 1.83% per month on the previous balances of its accounts. John’s account shows a beginning balance of $974.55. What is the amount of John’s finance charge (interest)?

4. Using the previous balance method, calculate the finance charge (interest) and new account balance.

|  |  |  |  |
| --- | --- | --- | --- |
| Previous Balance | APR | Finance Charge (Interest) | New Account Balance |
| $542.18  | 18.5% |  |  |

5. Compute the finance charge and new balance on each card balance below. The finance charge is based on the previous balance before payments are deducted. The monthly rate is 1.5% on amounts up to $1000 and 1% on amounts over $1,000.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Previous Balance | Finance Charge | Payments | Purchases | New Balance |
| $868.50  |  | $240.50 | $69.40 |  |
| $1,644.20 |  | $435.00 | $330.84 |  |
| $1,956.25 |  | $480.40 | $0.00  |  |